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Shire of Perenjori  
MINUTES  
Finance Committee Meeting

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Held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on Tuesday 19<sup>th</sup> April 2016  
commenced at 5.00 pm.

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**16041 PRELIMINARIES**

**16041.1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS**

Cr L Butler declared the meeting opened at 5.07pm

**16041.2 DISCLAIMER READING**

**16041.3 RECORD OF ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE**

Cr L Butler – Presiding Member

Cr L Smith

Cr J Hirsch

Peter Money – MCDS

Apologies;

Cr J Cunningham

Ali Mills – CEO

Debby Barndon - SFO

**16041.4 NOTATIONS OF INTEREST**

**Financial Interest – Local Government Act S 5.60a**

**Proximity Interest – Local Government Act S 5.60b**

**Interest Affecting Impartiality – Local Government - Code of Conduct.**

**16041.5 APPLICATIONS FOR LEAVE OF ABSENCE**

Nil.

**16041.6 CONFIRMATION OF MINUTES**

That the Minutes from the Finance Committee Meeting of the 15<sup>th</sup> March 2016 be confirmed as a true and correct record of that meeting

<b>Committee Resolution – Item 16041.6</b>
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That Council accepts the Minutes from the Finance Committee Meeting of the 15 <sup>th</sup> March 2016 as a true and correct record of that Meeting.
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<b>Committee Resolution – Item 16041.6</b>
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<b>Moved: Cr L Smith</b>
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<b>Seconded: Cr J Hirsch</b>
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<b>That Council accepts the Minutes from the Finance Committee Meeting of the 15<sup>th</sup> March 2016 as a true and correct record of that Meeting.</b>
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<b>Carried: 4/0</b>
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**16042 FINANCE & ADMINISTRATION****16042.1 FINANCIAL STATEMENTS – FEBRUARY 2016**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>ADM 0081</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>DEBBY BARNDON - SFO</b>
<b>RESPONSIBLE OFFICER:</b>	<b>PETER MONEY - MCDS</b>
<b>REPORT DATE:</b>	<b>19<sup>TH</sup> APRIL 2016</b>
<b>ATTACHMENTS</b>	<b>MONTHLY FINANCIAL REPORT</b>

**Executive Summary**

This item recommends that the Council accepts the Financial Activity Statement for the period ending 29<sup>th</sup> February 2016.

**Background**

Each month officers are required to prepare monthly financial reports, covering prescribed information, and present these to the Council.

**Details**

Presented is the Financial Activity Statement Report for the period ending 29<sup>th</sup> February 2016.

The following statements are presented to Council:

- Monthly Summary Information - Charts
- Statement of Financial Activity (Program of Nature and Type) this provides the budget and actual income and expenditure for operating and non-recurrent as well and the closing surplus to date. (FM Reg 34(1))
- Statement of Capital Acquisitions and Capital Funding
- Net Current (Assets) Funding Position (Note 3). This provides the amount of assets over liabilities within the Balance Sheet. (FM Reg 34 (1)(e))
- Notes to the Financial Statements include:
  - Note 1.- Significant Accounting Policies
  - Note 2. - Explanation of Material Variances
  - Note 3. – Net Current Funding Position
  - Note 4. – Cash & Investments
  - Note 5. – Budget Amendments
  - Note 6. – Receivables
  - Note 7. – Cash Back Reserves
  - Note 8. – Capital Disposals
  - Note 9. – Rating Information
  - Note 10. – Information on Borrowings

- Note 11. – Grant and Contributions
- Note 12.- Trust Fund
- Note 13.- Details of Capital Acquisition

**Legal Compliance**

Regulation 34 (Financial activity statement report) of the Local Government (Financial Management) Regulations 1996 states –

- (1) A local government is to prepare each month a statement of financial activity reporting on the revenue and expenditure, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail –
  - (a) Annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1) (b) or (c);
  - (b) budget estimates to the end of the month to which the statement relates;
  - (c) actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;
  - (d) material variances between the comparable amounts referred to in paragraphs (b) and (c); and
  - (e) the net current assets at the end of the month to which the statement relates.
- (2) Each statement of financial activity is to be accompanied by documents containing –
  - (a) an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;
  - (b) an explanation of each of the material variances referred to in sub regulation (1) (d); and
  - (c) such other supporting information as is considered relevant by the local government.
- (3) The information in a statement of financial activity may be shown –
  - (a) according to nature and type classification; or
  - (b) by program; or
  - (c) by business unit
- (4) A statement of financial activity, and the accompanying documents referred to in sub regulation 34 (2), are to be –
  - (a) presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and
  - (b) recorded in the minutes of the meeting at which it is presented.
- (5) Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.

Section 6.8 of the Local Government Act 1995 (Expenditure from municipal fund not included in annual budget) states –

- (1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure –
  - a. is incurred in a financial year before the adoption of the annual budget by the local government; or

- b. is authorised in advance by resolution; or
- c. is authorised in advance by the mayor or president in an emergency.

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

Area 5: Investing in Councils Leadership

Goal: Strengthen the Shire's position as an innovative, independent Local Government providing excellence in all areas of governance, management and leadership.

**Consultation**

Liaison with MCDS, FO, & MIS.

**Comment**

Nil.

**Voting Requirements – Simple Majority****Officers Recommendation – Item 16042.1**

That Council, in accordance with Regulation 34 of the Local Government (Financial Management) Regulations 1996, accepts the Financial Activity Statement Report for the period ending 29<sup>th</sup> February 2016.

**Committee Resolution – Item 16042.1**

**Moved: Cr L Smith**

**Seconded: Cr J Hirsch**

**That Council, in accordance with Regulation 34 of the Local Government (Financial Management) Regulations 1996, accepts the Financial Activity Statement Report for the period ending 29<sup>th</sup> February 2016.**

**Carried: 4/0**

**16042.2 FINANCIAL STATEMENTS – MARCH 2016**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>ADM 0081</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>DEBBY BARNDON - SFO</b>
<b>RESPONSIBLE OFFICER:</b>	<b>PETER MONEY - MCDS</b>
<b>REPORT DATE:</b>	<b>19<sup>TH</sup> APRIL 2016</b>
<b>ATTACHMENTS</b>	<b>MONTHLY FINANCIAL REPORT</b>

**Executive Summary**

This item recommends that the Council accepts the Financial Activity Statement for the period ending 31<sup>st</sup> March 2016.

**Background**

Each month officers are required to prepare monthly financial reports, covering prescribed information, and present these to the Council.

**Details**

Presented is the Financial Activity Statement Report for the period ending 31<sup>st</sup> March 2016.

The following statements are presented to Council:

- Monthly Summary Information - Charts
- Statement of Financial Activity (Program of Nature and Type) this provides the budget and actual income and expenditure for operating and non-recurrent as well and the closing surplus to date. (FM Reg 34(1))
- Statement of Capital Acquisitions and Capital Funding
- Net Current (Assets) Funding Position (Note 3). This provides the amount of assets over liabilities within the Balance Sheet. (FM Reg 34 (1)(e))
- Notes to the Financial Statements include:
  - Note 1.- Significant Accounting Policies
  - Note 2. - Explanation of Material Variances
  - Note 3. – Net Current Funding Position
  - Note 4. – Cash & Investments
  - Note 5. – Budget Amendments
  - Note 6. – Receivables
  - Note 7. – Cash Back Reserves
  - Note 8. – Capital Disposals
  - Note 9. – Rating Information
  - Note 10. – Information on Borrowings
  - Note 11. – Grant and Contributions
  - Note 12.- Trust Fund
  - Note 13.- Details of Capital Acquisition

**Legal Compliance**

Regulation 34 (Financial activity statement report) of the Local Government (Financial Management) Regulations 1996 states –

- (6) A local government is to prepare each month a statement of financial activity reporting on the revenue and expenditure, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail –
- (a) Annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1) (b) or (c);
  - (b) budget estimates to the end of the month to which the statement relates;

- (c) actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;
  - (d) material variances between the comparable amounts referred to in paragraphs (b) and (c); and
  - (e) the net current assets at the end of the month to which the statement relates.
- (7) Each statement of financial activity is to be accompanied by documents containing —
- (a) an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;
  - (b) an explanation of each of the material variances referred to in sub regulation (1) (d); and
  - (c) such other supporting information as is considered relevant by the local government.
- (8) The information in a statement of financial activity may be shown —
- (a) according to nature and type classification; or
  - (b) by program; or
  - (c) by business unit
- (9) A statement of financial activity, and the accompanying documents referred to in sub regulation 34 (2), are to be —
- (a) presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and
  - (b) recorded in the minutes of the meeting at which it is presented.
- (10) Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.

Section 6.8 of the Local Government Act 1995 (Expenditure from municipal fund not included in annual budget) states –

- (2) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —
- a. is incurred in a financial year before the adoption of the annual budget by the local government; or
  - b. is authorised in advance by resolution; or
  - c. is authorised in advance by the mayor or president in an emergency.

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

Area 5: Investing in Councils Leadership

Goal: Strengthen the Shire’s position as an innovative, independent Local Government providing excellence in all areas of governance, management and leadership.

**Consultation**

Liaison with MCDS, FO, & MIS.

**Comment**

Nil.

**Voting Requirements – Simple Majority****Officers Recommendation – Item 16042.2**

That Council, in accordance with Regulation 34 of the Local Government (Financial Management) Regulations 1996, accepts the Financial Activity Statement Report for the period ending 31<sup>st</sup> March 2016.

**Committee Resolution – Item 16042.2****Moved: Cr L Smith****Seconded: Cr J Hirsch**

**That Council, in accordance with Regulation 34 of the Local Government (Financial Management) Regulations 1996, accepts the Financial Activity Statement Report for the period ending 31<sup>st</sup> March 2016.**

**Carried: 4/0****16042.3 ACCOUNTS FOR PAYMENT – MARCH 2016**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>1306P</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>DEBBY BARNDON - SFO</b>
<b>RESPONSIBLE OFFICER:</b>	<b>PETER MONEY - MCDS</b>
<b>REPORT DATE:</b>	<b>19<sup>TH</sup> APRIL 2016</b>
<b>ATTACHMENTS</b>	<b>ACCOUNTS FOR PAYMENT</b>

**Executive Summary**

This item recommends that the Council confirms the payment of accounts for March 2016 as shown on the attached schedule.

**Background**

Council has delegated to the Chief Executive Officer the authority to make payments from the Municipal and Trust funds in accordance with the Local Government (Financial Management) Regulations 1996.

Under Regulation 13(1) of the Local Government (Financial Management) Regulations 1996, where a local government has delegated to the Chief Executive Officer the exercise of its power to make payments from the Municipal fund or the Trust fund, each payment from the Municipal fund or the Trust fund is to be noted on a list compiled for each month showing:

- a) The payee's name;
- b) The amount of the payment
- c) The date of the payment; and
- d) Sufficient information to identify the transaction

That list should then be presented at the next Ordinary Meeting of the Council following the preparation of the list, and recorded in the minutes of the meeting at which it is presented.

**Legal Compliance**



Section 6.10 (d) of the Local Government Act 1995 refers, i.e. -

6.10. financial management regulations

Regulations may provide for —

(d) the general management of, and the authorisation of payments out of —

(i) the municipal fund; and

(ii) the trust fund,

of a local government.

Regulation 13(1), (3) & (4) of the Local Government (Financial Management) Regulations 1996 refers, i.e. -

13. Lists of Accounts

(1) If the local government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund, a list of accounts paid by the CEO is to be prepared each month showing for each account paid since the last such list was prepared —

(a) the payee's name;

(b) the amount of the payment;

(c) the date of the payment; and

(d) sufficient information to identify the transaction.

(3) A list prepared under subregulation 34 (1) is to be —

(a) presented to the council at the next ordinary meeting of the council after the list is prepared; and

(b) recorded in the minutes of that meeting.

**Policy Implications**

All accounts paid have been duly incurred and authorised for payment as per approved purchasing and payment procedures.

**Financial Implications**

Ongoing management of Council funds by providing Council with sufficient information to monitor and review payments made.

**Strategic Implications**

**Area 5: Investing in Councils Leadership**

*Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership*

**Consultation**

FO

**Comment**

All accounts paid have been duly incurred and authorised for payment as per approved purchasing and payment procedures.

**Voting Requirements – Simple Majority**

<b>Officer Recommendation – Item 16042.3</b>
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That Council, pursuant to Regulation 13 of the Local Government (Financial Management) Regulations 1996 (as amended), confirms the accounts paid for the month ending 31 <sup>st</sup> March 2016 as attached to and forming part of this report.
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Municipal Account	
EFT	\$ 467,320.50
Direct Debits	\$ 88,678.16
Cheques	\$ 14,612.72
Corporate MasterCard	\$ 4,413.28
Bank Fees	\$ 271.92
<b>Total</b>	<b>\$ 575,296.58</b>

Trust Account - Shire	
EFT	\$ 1,040.00
Cheques	\$ 443.00
Bank Fees	\$
<b>Total</b>	<b>\$ 1,483.00</b>

Trust Account – Mt Gibson Public Benefit Funds	
EFT	\$ 0.00
Cheques	\$ 0.00
Bank Fees	\$ 0.00
<b>Total</b>	<b>\$ 0.00</b>

*Totalling \$576,779.58 from Municipal and Trust Accounts for the month ending 31<sup>st</sup> March 2016.*

#### Committee Resolution – Item 16042.3

Moved: Cr L Smith

Seconded: Cr J Hirsch

That Council, pursuant to Regulation 13 of the Local Government (Financial Management) Regulations 1996 (as amended), confirms the accounts paid for the month ending 31<sup>st</sup> March 2016 as attached to and forming part of this report.

Carried: 4/0

<b>Municipal Account</b>	
EFT	\$ 467,320.50
Direct Debits	\$ 88,678.16
Cheques	\$ 14,612.72
Corporate MasterCard	\$ 4,413.28
Bank Fees	\$ 271.92
<b>Total</b>	<b>\$ 575,296.58</b>

<b>Trust Account - Shire</b>	
EFT	\$ 1,040.00
Cheques	\$ 443.00
Bank Fees	\$
<b>Total</b>	<b>\$ 1,483.00</b>

<b>Trust Account – Mt Gibson Public Benefit Funds</b>	
EFT	\$ 0.00
Cheques	\$ 0.00
Bank Fees	\$ 0.00
<b>Total</b>	<b>\$ 0.00</b>

*Totalling \$576,779.58 from Municipal and Trust Accounts for the month ending 31<sup>st</sup> March 2016.*

#### 16042.4 DIFFERENTIAL RATES

**APPLICANT:** SHIRE OF PERENJORI  
**FILE:** ADM 0086  
**DISCLOSURE OF INTEREST:** NIL  
**AUTHOR:** PETER MONEY - MCDS

<b>RESPONSIBLE OFFICER:</b>	<b>PETER MONEY – MCDS</b>
<b>REPORT DATE:</b>	<b>19<sup>TH</sup> APRIL 2016</b>
<b>ATTACHMENTS:</b>	<b>NIL</b>

**Executive Summary**

This Item outlines scenarios for proposed rates for 2016/17 and recommends local advertising as required under s6.36(1) of the Local Government Act. It also recommends that Council seeks Ministerial approval for the imposition of differential rates for UV Rural and UV Mining as UV Mining is more than double other rates in that category (s6.33(s)).

**Background**

The Council must advertise (by local public notice) if it intends to impose any differential rates and must allow a clear 21 day comment period for submissions. The period in which advertising may occur is 1st May to 30th June in any year.

Because differential rates are part of the current financial structure it would be extremely difficult for the Council to acquire sufficient income to operate effectively without imposing differential rates.

If the Council continues with differential rates Section 6.36(1) of the Act requires that these be advertised and when a rate in a category is more than twice that of another in the category then Ministerial approval is required before the rate can be imposed. Because of the vast difference between the UV rural rate and the UV mining rate Ministerial approval is required to levy these rates.

In order to achieve timely budget finalisation, advertising should commence as soon as possible after the 1<sup>st</sup> May for which approval from the Council is required at this meeting.

Whilst it is not the intention at this meeting to fix the rates for the 2016 / 2017 financial year, the purpose of this item is to provide the Council with scenarios of the effects of various rates and to advertise a possible level of rate increases.

Generally the Council advertises a higher level of proposed rates which gives the Council the option of either adopting that rate or adopting a lesser rate without further advertising. If the Council advertises particular rates and then opts to impose a rate higher than that advertised, it must re-advertise. Even if the Council chooses not to increase any of the differential rates from the previous financial year, it must still advertise the proposed differential rates to comply with the Act.

The Council has several options in this regard:

- Wait to set rates within the budget process (probably during July) and then commence an advertising process for the relevant differential rates. This will delay the issuing of rates to somewhere around mid to late August depending on when Ministerial approval is given (assuming it is given) and is not recommended.
- Commence early advertising of proposed rates including differential rates at a high level of (for example) 5%. The Council can then, after other budget deliberations, and if it wishes, adopt a

rate less than that advertised if all the income that would be raised from the higher rate is not required to provide the services the Council wants to provide.

- However if the Council advertises a lower rate and it finds that the income raised is insufficient to fund the services it requires and it chooses to raise more rates, this would have to be re-advertised and a delay in issuing rates and receiving the income would result.
- In advertising the proposed differential rates, the Council also needs to consider the waiting time for Ministerial approval which will delay the issuing of the rate notices. For this reason early proposal of a differential rate is recommended and after considering submissions and the overall budget income and expenditures the Council will be better placed to make a final decision.

The Financial Management Regulations (23) specify the requirements of imposing differential rates and to satisfy this regulation a justification document is provided at the end of this item.

#### Considerations:

The weighted median CPI for the 12 months to December 2015 is 1.5% (source: Australian Bureau of Statistics, WA Index) and this can be used as a guide for determining any proposed increase in rates levied.

WALGA provides an economic forecast each year and the Local Government Cost Index (LGCI) which is a report on the costs and factors affecting local government. The forecast for the 2016/2017 financial year is the LGCI is expected to float up to around a 1.5% increase in local government costs (source WALGA Economic Forecast March 2016).

The LGCI forecast is that while both the LGCI & CPI are trending downwards, unemployment remains the biggest concern in the WA economy. This could result in an increased demand in community services by unemployed people; however this would not have any significant effect of this Shire. It was also found in 2015/2016 that the increased costs for utilities (water, electricity) were offset to an extent by marginal declines in the construction costs of non-residential roads and bridges.

Further to the above the current EBA will expired in November and negotiations are almost completed with the new EBA expected to be ratified by early June 2016. The proposed EBA sees increases in wages for the next 3 years based on annual CPI increases and as such the Council may wish to ensure there is scope in the budget to ensure payment of such increases though not significant.

#### Long Term Financial Plan

Below are the projections from the Shire's Long Term Financial Plan comparing projected rate income against the budgeted incomes:

	Plan	Budget
2013/2014	\$2.56M	\$2.63M (Actual – before discounts est \$200,000)
2014/2015	\$2.714M	\$2.67M (Actual – before discounts est \$210,000)
2015/2016	\$2.88M	\$2.82M (Estimate – before discounts est \$220,000)

Whilst acknowledging the projected incomes are just that, projected and based on a variety of other factors, they do demonstrate that there has been less income received than that projected to meet the Shire's future projects and maintenance programmes.

The long term Financial Plan applied a rate increase of 6% per annum for the first 5 years (2013/4 – 2018/9) and 3.5% per annum for the remaining 5 years (2019/20 – 2024/5).

For further information, rate comparisons are provided below of neighbouring Shires and some similar Shire with mining interests;

	<b>Perenjori 2015/16</b>	<b>Morawa 2015/16</b>	<b>Mt Magnet 2015/16</b>	<b>Three Springs 2015/16</b>	<b>Mingenew 2015/16</b>	<b>Cue 2015/16</b>
UV Rural	1.9441	2.1917	6.4385	1.6233	1.4310	8.02
UV Mining	33.3118	28.9681	30.0826	11.9153	30.0000	30.56
GRV Townsites	7.6810	7.1988	9.7253	11.6129	13.1289	10.11
GRV Mining	7.6810			38.7907		
<b>Minimum Rates</b>	\$	\$	\$	\$	\$	\$
UV Rural	310	271	397	440	636	430
UV Mining	406	656	450	440	636	430
GRV Townsites	310	271	397	440	636	430
GRV Mining	310			440		

### Conclusion

For the 2016/17 financial year it is recommended that the Council advertises a proposed increase in rates of 5% based on the CPI of 1.5% and also the predicted increase in the Local Government Cost Index for 2016-2017 of an estimated 1.5%. The proposed advertised rate is not necessarily what the Council will adopt; it is recommended for advertising to allow scope to reduce and rate increase without further advertising.

The projections below show the rate in the dollar and estimated income from the various rating categories for increases of 3%, 4% and 5%. This chart is to enable the Council to ascertain the effects on the budget and to provide the Council with information to judge what is an acceptable increase in rate income and what is necessary to fund the Council's capital and operating expenses.

Differential Rates	General Rate in \$ 2014/15	Actual Income	Rate in \$ 2015/16	Actual Income 2015/2016	Rate in \$ 2015/16 @ 3% increase	Projected income + 3%	Rate in \$ 2015/16 @ 4% increase	Projected income + 4%	Rate in \$ 2015/16 @ 5% increase	Projected income + 5%
UV Rural	1.8875	\$ 1,572,984	1.9441	\$ 1,618,600	2.0024	\$ 1,667,158	2.0219	\$ 1,683,344	2.0413	\$1,699,530
UV Mining	33.3118	\$ 675,480	33.3118	\$ 598,063	34.3112	\$ 616,005	34.6443	\$ 621,986	34.9774	\$ 627,966
GRV Townsites	7.4568	\$ 80,899	7.6810	\$ 85,208	7.9114	\$ 87,764	7.9882	\$ 88,616	8.0651	\$ 89,468
GRV Mining	7.4568	\$ 480,145	7.6810	\$ 494,272	7.9114	\$ 509,100	7.9882	\$ 514,043	8.0651	\$ 518,986
<b>Minimum Rates</b>										
UV Rural	300	\$ 2,700	310	\$ 2,790	319	\$ 2,874	322	\$ 2,902	325	\$ 2,930
UV Mining	395	\$ 17,380	406	\$ 10,962	418	\$ 11,290	422	\$ 11,400	426	\$ 11,510
GRV Townsites	300	\$ 7,182	310	\$ 10,850	319	\$ 11,175	322	\$ 11,284	325	\$ 11,393
GRV Mining	300		0	\$ 0	319	\$ 0	322	\$ 0	325	\$ 0

Discounts are approximately \$200,000 - \$220,000 per annum - not deducted from the figures below

Income before discounts	\$ 2,836,770	\$ 2,820,745	\$ 2,905,366	\$ 2,933,575	\$ 2,961,783
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Project income figures are based on 3%, 4% and 5% increases on the 2014/2015 income.

Due to decreases in tenement valuations UV Mining projected income of \$651,184 was reduced by \$53,121 to \$598,063. Minimum rate income on UV Mining were reduced by \$8,026 from projected \$18,988 to \$10,962

Projections for UV mining are based on current valuations – any further decrease in valuations will continue to affect rate incomes.

**Projected 3 year income Financial**

Plan	\$2,714,069	\$2,876,873	\$3,049,447
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**Statutory Environment**

Section 6.33 *Local Government Act 1995*.

Section 6.35 (6) *Local Government Act 1995*.

Section 6.36 *Local Government Act 1995*. Subsection (1)

**Policy Implications**

Nil

**Financial Implications**

The proposed changes would represent an overall increase in income from rates.

**Strategic Implications**

Area 1: Infrastructure and Natural Assets – Our Natural and Built Environment

Goal: A community that develops and lives sustainably in a thriving natural and quality built environment, which meets current and future community needs.

**Risk Management**

The preparation for applying differential rates and acquiring Ministerial approval is a time limited process. Early advertising of a higher level differential rate allows the Council time to ascertain its rate income requirements while the approvals are being sought. This also ensures the Council has capacity to either impose the high rate or a lesser rate, without further advertising or approvals being necessary.

Delays in preparing for differential rates can result in delays in issuing rates, delaying the income to the Shire. This may then result in having to draw funds from higher interest reserves to finance the various work commitments of the Shire.

**Consultation**

Australian Bureau of Statistics

WALGA Local Government Economic Briefing

Other local governments in the area

CEO

SFO

**Comment**

The calculation of the various rate increases is based on the property valuations that are current and are calculated on a percentage increase on the current rate in the dollar and the current category of income. The actual income will therefore vary from those shown in this document as valuations may change, mining leases could be discarded or new leases issued all of which can affect the actual income that will be raised. It has been informally advised that some mining leases have been disposed of and it is not known as yet if they have been purchased by any other buyers.

During budget deliberations when the Council determines what works are to be included in the budget and all other data is known, the Council will advise the CEO of the rates/s it intends to adopt and these rates will form part of the budget document that is to be adopted.

**Voting Requirements – Simple Majority**



**Officers Recommendation – Item 16042.4**

That Council;

1. In accordance with s6.36(1) advertises its intentions to impose differential rates for UV Rural and UV Mining and makes publically available the document detailing the reasons for and the objectives of the differential rate.
2. Seeks Ministerial approval under Section 6.33(3) of the Local Government Act to impose a differential rate on the unimproved value of mining tenements that is more than twice the lowest unimproved value rate on rural lands within the shire.
3. Approves the differential rates for advertising as:

UV Rural = 2.0413 cents in the dollar.

UV Mining = 34.9774 cents in the dollar.

UV Rural Minimum Rates = \$325

UV Mining Minimum Rates = \$426

**Committee Resolution– Item 16042.4**

**Moved: Cr L Smith**

**Seconded: Cr J Hirsch**

That Council;

4. In accordance with s6.36(1) advertises its intentions to impose differential rates for UV Rural and UV Mining and makes publically available the document detailing the reasons for and the objectives of the differential rate.
5. Seeks Ministerial approval under Section 6.33(3) of the Local Government Act to impose a differential rate on the unimproved value of mining tenements that is more than twice the lowest unimproved value rate on rural lands within the shire.
6. Approves the differential rates for advertising as:

UV Rural = 2.0413 cents in the dollar.

UV Mining = 34.9774 cents in the dollar.

UV Rural Minimum Rates = \$325

UV Mining Minimum Rates = \$426

**Carried: 4/0**

## ATTACHMENT

### SHIRE OF PERENJORI

#### OBJECTIVES AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE YEAR ENDING 30 JUNE 2017

In accordance with Section 6.36 of the Local Government Act 1995, The Shire of Perenjori is required to publish its Objects and Reasons for implement Differential Rates. Those objects and reasons are noted below:

##### **OVERALL OBJECTIVE**

The Shire of Perenjori provides services to a diverse region consisting of residential, commercial, industrial, pastoral, mining and workforce accommodation. All sectors benefit from the services provided by the Shire, though it is inevitable that some sectors, and some individuals in any sector, may benefit more or less, from any particular service. Persons operating within all sectors have the right to use all of the services provided by the Shire. The Shire does not seek to restrict the use of its services by any sector, though it is inevitable that some will have a greater capacity to contribute to the Shire's revenue than others.

The Shire of Perenjori imposes differential general rates on properties within the Shire based on the existing land use.

The overall objective for the 2016 / 2017 differential rating approach is an attempt to ensure that revenue is collected on an equitable basis, enabling the Shire to provide facilities, infrastructure and services to the entire community.

##### **Gross Rental Value**

The object of the GRV rates is to require a fair contribution to the revenue requirements of the Shire, while not risking additional financial pressure on the uses in those areas that affect their long term viability.

The reasons for the level of rates set for Gross Rental Values is that this allows for a fair contribution to the revenue requirements of the Shire at the highest sustainable level.

The minimum payment proposed for the GRV category reflects the present financial vulnerability of ratepayers in the category.

##### **UV Rural**

The object of the UV Rural rates is to require a fair contribution to the revenue requirements of the Shire, while not risking additional financial pressure on the uses in those areas that affect their long term viability.

The reasons for the level of rates set for UV Rural is that this allows for a fair contribution to the revenue requirements of the Shire at the highest sustainable level. The minimum payment

proposed for the UV Rural category reflects the present financial vulnerability of ratepayers in the category.

The UV rural rate applies generally to broad acre farming which is vulnerable to factors such as adverse weather, bushfires, world demand for the product and rises and falls in export prices. The rural areas also cover vast tracts of land that is often marginal and input costs are far more extensive to gain a smaller return than mining for example.

The UV rural areas of the Shire are the most significant contributors in rate income for the Shire and for example in 2015/2016 the projected rate income was \$1.62 million compared to UV mining with a projected income of \$0.598 million.

The broad acre farming industry also provides more local employment than mining and this and its vulnerability to external forces ensures the industry is not adversely affected by excessive rates.

### **UV Mining**

The object of the UV Mining rate is to permit the imposition of rates on mining land which is reasonably proportional to the financial resources of those who will bear the burden of the rates, and striking a reasonable balance between the capacity to pay and the fairness of the requirement.

The objective of the differential rate on UV mining properties is to ensure that mining contributes to the maintenance of the Shire's assets and services to the extent that the mining operators and their connections use them. While every effort is made to establish rates and minimum payments at the fairest possible levels, it is considered that the mining sector has the capacity to pay the proposed rates at the levels estimated.

In dealing with the object of the rate, it should be remembered that operators in the mining industry when they come to the district have the advantage of utilising established Shire services and facilities which often have been provided by the rates contributed in the long term by ratepayers in other sectors, who will continue in the long term future to contribute in the same way. The maintenance of Shire assets and services for the benefit of all users, long term and short term, is a burden which to a significant extent falls upon the long term ratepayers.

This Shire has also contributed significant sums of its own funds to the upgrading of roads used predominantly by the mining industry and though the industry contributes to the maintenance of the roads, the initial upgrades were funded significantly by the Shire.

It is not uncommon for operators in the mining sector to be present in the district for a short period with a prospect of withdrawing very substantial profits in that time exploiting the mineral resources of the district. That is not a criticism and simply recognises the often transitory nature of mining enterprises.

However the mining sector stands to be a beneficiary of the existence and maintenance of the Shire's assets and services to the extent that the mining operators and their connections use them. The reason for the UV Mining Rate and the UV Mining Minimum payment is to assist the Shire to make up the deficiency in its revenue at a level which is fair in all of the circumstances.

### **Differential Rating Category**

The following rate category has been established:

## UV Mining

This category will include any property with use of mining land use. A maximum rate in the dollar of 34.9774 cents on Unimproved Values with a minimum of \$426 is proposed.

## UV Rural

This category will include any property used for primary industries other than mining, such as broad acre farming. A maximum rate in the dollar of 2.4013 cents on Unimproved Values with a minimum of \$325 is proposed.

**16043 GENERAL BUSINESS****16043.1 MOTIONS OF WHICH DUE NOTICE HAVE BEEN GIVEN****16043.2 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN****16043.3 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION****16043.4 MATTERS BEHIND CLOSED DOORS****16043.4.1 CONFIDENTIAL ITEM – WRITE OFF OUTSTANDING DEBTS**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>ADM 0033</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>PETER MONEY - MCDS</b>
<b>RESPONSIBLE OFFICER:</b>	<b>PETER MONEY – MCDS</b>
<b>REPORT DATE:</b>	<b>19<sup>TH</sup> APRIL 2016</b>
<b>ATTACHMENTS:</b>	<b>NIL</b>

**Voting Requirements – Simple Majority****Officer Recommendation – Item 16043.4.1**

That Council authorises the write off of the following sundry debtors, totalling \$20,742.63:

1. 80555	\$456.07
2. 81553	\$971.36
3. 80519	\$1,169.89
4. 80533	\$2,560
5. 80541	\$15,388.56
6. 80508	\$196.75

**Committee Resolution – Item 16043.4.1**

Moved: Cr L Smith

Seconded: Cr J Hirsch

That Council authorises the write off of the following sundry debtors, totalling \$20,286.56:

1. 81553	\$971.36
3. 80519	\$1,169.89
4. 80533	\$2,560
5. 80541	\$15,388.56
6. 80508	\$196.75

Carried: 4/0

NOTE: The committee amended the Officers Recommendation as an arrangement has been made with debtor 80555 to pay to the Shire sum owed. Accordingly this sum is not to be written off.

**16043.5 DATE OF NEXT MEETING / MEETINGS**

The next Finance Committee Meeting is to be held Tuesday 14<sup>th</sup> June 2016 at 5.00 pm.

**16043.6 CLOSURE**

Cr L Butler declared the meeting closed at 7.17 pm.